

VZCZCXRO0564
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #0538/01 0600533
ZNR UUUUU ZZH
P 290533Z FEB 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 2116
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 8757
RUEHFK/AMCONSUL FUKUOKA 6362
RUEHOK/AMCONSUL OSAKA KOBE 0030
RUEHNAG/AMCONSUL NAGOYA 4917
RUEHKSO/AMCONSUL SAPPORO 6967
RUEHBJ/AMEMBASSY BEIJING 1932
RUEHUL/AMEMBASSY SEOUL 7995
RUCNDT/USMISSION USUN NEW YORK 8581

UNCLAS SECTION 01 OF 13 TOKYO 000538

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 02/29/08

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Defense issues:

- 4) Iwakuni mayor's formal acceptance of U.S. jet relocation from Atsugi is a great step forward for USFJ realignment (Yomiuri)
- 5) MSDF seaman has been missing ever since questioned about Aegis information leakage by investigators (Sankei)

Aegis collision incident:

- 6) It was Defense Minister Ishiba's wish to question the Aegis captain in his office soon after the collision with a fishing boat (Mainichi)
- 7) Defense Minister Ishiba's concurrence not obtained by MSDF brass to question Aegis captain about the collision with a fishing boat (Sankei)
- 8) Ishiba repeatedly stresses that if there is evidence of a cover-up after the Aegis accident, he will resign as defense minister (Nikkei)
- 9) Ishiba tours site of the Aegis destroyer Atago's collision with a fishing boat (Mainichi)
- 10) The opposition camp continues to loudly clamor for Ishiba's resignation (Tokyo Shimbun)

China connection:

- 11) Huge gap between China and Japan in explaining the likely cause

of the recent imports of poisoned dumplings (Nikkei)
12) Concern rising that the flap between Japan and China over who poisoned the dumplings could affect the pending visit of President Hu (Nikkei)
13) China proposes that U.S., DPRK sign a joint communiqu similar to the one the U.S. and China signed in 1972
14) Japanese-American delegation of business leaders and other dignitaries arrives in Japan for exchange meeting (Mainichi)
15) Foreign Minister Koumura tells UN special advisor Japan will cooperate with UN on aid to Burma (Mainichi)
16) Iran's ambassador to Japan hopes Tokyo will play an intermediary role in improving ties between Teheran and Washington (Yomiuri)
17) Koga reappointed head of the Association of Bereaved Families of the War Dead (Mainichi)
18) Proposed restrictions on foreign investment in airports removed as Prime Minister Fukuda steps in to the issue (Mainichi)
19) Government, ruling parties determined to get budget bill as well bill amending Special Tax Measures Law through Lower House today (Nikkei)

Articles:

1) TOP HEADLINES

Asahi:

Fleet chief of staff questioned destroyer crew without coast guard's approval

TOKYO 00000538 002 OF 013

Mainichi:

Ishiba conducts second questioning of navigating officer of Atago

Yomiuri:

Toshiba, IHI to team up on nuclear power plant engineering business

Nikkei:

Teijin, Mitsubishi Chemical to mass-produce carbon fiber auto parts starting in 2010

Sankei:

China indicates pesticide got mixed into dumplings in Japan, probably aiming to seal off truth

Tokyo Shimbun:

China propose putting assertions by U.S., North Korea on Pyongyang's declaration of nuclear programs in writing, using 1972 U.S.-North Korea joint statement as reference

Akahata:

Japanese Communist Party Chairman Shii stresses need for thorough probe into Aegis collision

2) EDITORIALS

Asahi:

- (1) Confusion of Defense Ministry: Supreme commander is prime minister
- (2) DPJ's plan on road taxes: It is LDP's turn to take action

Mainichi:

- (1) Defense Ministry in confusion: Prime Minister's Office must not leave situation unattended
- (2) Powell problem: Japanese baseball should regain humanity and justice

Yomiuri:

- (1) Textbook screening: Seek harmony between free discussion and transparency
- (2) Hurriedly work out measures to protect cultural assets

Nikkei:

- (1) Postponement of restrictions on foreign ownership of airports quite natural
- (2) US recession fears growing

Sankei:

- (1) Vague settlement of poisoned Chinese dumplings scare unacceptable
- (2) Teachers' illegal strikes: Education board must give thorough instruction

Tokyo Shimbun:

- (1) Prime minister must take action to resolve road-tax dispute in Diet
- (2) Thoroughly investigate Chinese dumplings scandal

Akahata:

- (1) Reform guideline: Public hospitals cannot be protected only with efficiency

TOKYO 00000538 003 OF 013

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, February 28

NIKKEI (Page 2) (Full)
February 29, 2008

08:34

Met with Chief Cabinet Secretary Machimura and Deputy Chief Cabinet Secretary Futahashi at Kantei. Machimura remained.

SIPDIS

09:33

Met with Deputy Chief Cabinet Secretary Ono. Afterwards met with State Minister in Charge of Economic and Fiscal Policy Ota.

10:01

Met with State Minister in Charge of Gender Equality Kamikawa. After her, met with Administrative Vice Foreign Minister Yabunaka, and Natural Resources and Energy Agency Director-General Mochizuki. After them, met with former LDP Secretary General Nakagawa.

11:00

Met with Vice Indonesian President Kalla. Afterwards, met with Ambassador to Russia Saito and MOFA European Affairs Bureau Director-General Harada.

12:33

Met with Futahashi, joined by Machimura.

13:00

Attended a Lower House Budget Committee session.

18:03

Attended a session of the Council on Economic and Fiscal Policy held at Kantei. Afterwards, met with the LDP Financial Reform Research Council's Advisor Tanigaki.

19:05

Met with Deputy Foreign Minister Sasae.

19:38

Arrived at Kantei residence.

DEFENSE & SECURITY

4) USFJ realignment to make headway

YOMIURI (Page 4) (Full)
February 29, 2008

Yoshihiko Fukuda-the newly elected mayor of Iwakuni City in

Yamaguchi Prefecture-announced yesterday that he will accept the government-proposed relocation of U.S. carrier-borne fighter jets to the U.S. Marine Corps' Iwakuni base. The Japanese and U.S. governments will now move ahead with plans in the process of realigning U.S. forces in Japan. Meanwhile, the government will unfreeze its base-related subsidization of Iwakuni City and push ahead with the transferal of U.S. jets to Iwakuni while respecting Iwakuni City's requests for public security and other measures. The government also wants other anti-realignment municipalities to change course.

TOKYO 00000538 004 OF 013

Mayor Fukuda addressed his city's municipal assembly yesterday at the opening of its regular session yesterday, during which he clarified his intention to accept the planned relocation of U.S. carrier-borne aircraft. "The government has shown consideration to a certain extent for our request to ease Iwakuni City's burden," Fukuda stated. "Basically," he added, "I think we should cooperate."

The U.S. Navy plans to move 59 planes, including carrier-borne fighter jets, and about 1,900 persons, including U.S. military personnel, from its Atsugi base in Kanagawa Prefecture to Iwakuni by 2014. The U.S. Marine Corps will also relocate 12 planes, including air tankers, and about 300 persons, including military personnel, from its Futenma base in Okinawa Prefecture to Iwakuni. As a result, Iwakuni will be the largest of all U.S. airbases in the Far East.

In return for hosting Atsugi-based U.S. carrier-borne aircraft, Iwakuni City will ask the government to resume its frozen subsidization of the city for its construction of a new hall (3.5 billion yen for the current fiscal year). In addition, the city will ask the government to grant realignment incentive subsidies (13.4 billion yen in total according to the city's estimate) within the current fiscal year. The city will also ask the government to take measures for aircraft noise and public security.

The government will basically accept these requests from Iwakuni. In particular, the government will make its utmost efforts to prevent incidents since a large number of U.S. military personnel will live in the city.

5) Quizzed MSDF sailor missing

SANKEI (Page 31) (Full)
February 29, 2008

A 34-year-old lieutenant commander belonging to the shore patrol unit of the Maritime Self-Defense Force's Maizuru District Headquarters has been missing, sources revealed yesterday. The MSDF officer is suspected of having taken out confidential data about an Aegis destroyer, according to the sources. In this info leak incident, the officer was questioned by MSDF investigative authorities.

According to informed sources, MSDF investigative authorities found that MSDF data files had leaked on the Internet through the file-swapping software Winny. As a result of MSDF investigations, the MSDF discovered that the data files had leaked from a personal computer used by the lieutenant commander at his home. The MSDF investigative authorities looked closely into his several personal computers at his home and discovered an Aegis destroyer's data that falls under the category of "special defense secret" (tokubetsu boei himitsu).

The MSDF lieutenant commander was questioned by MSDF investigators on Feb. 23. The lieutenant commander fled near JR Kyoto Station on his way back to the base along with his officer, according to the sources. His whereabouts is still unknown, the sources said.

The MSDF is currently investigating a series of Aegis information leaks with its in-house questioning of several thousand persons. In March, the MSDF will punish all MSDF personnel whose infractions are clear.

The Aegis data, which was illegally taken out by the lieutenant commander and saved in his home computer, is believed to be the same as the data that was confirmed to have leaked in the series of information leaks, in which another MSDF lieutenant commander was arrested. The MSDF will scrutinize the data taken out by the lieutenant commander and will also track its path. At the same time, the MSDF is searching for his whereabouts.

6) Ishiba questioned chief navigator at his office on his own desire

MAINICHI (Top play) (Excerpts)
February 29, 2008

In the wake of the recent collision between the Maritime Self-Defense Force Aegis destroyer Atago and the fishing boat Seitoku Maru, Defense Minister Shigeru Ishiba and other officials questioned the Atago's chief navigator without obtaining approval from the Japan Coast Guard (JCG). Regarding this matter, Ishiba revealed yesterday before the House of Councillors Foreign and Defense Affairs Committee that he had questioned the chief navigator himself at his office based on his own decision. Ishiba said, "I should have announced that I had questioned (the chief navigator) myself," reversing his earlier statement that he had not contacted any crew members. Now that it has become clear that Ishiba had quizzed the navigator himself without a prior notice to the JCG, which has the right to investigate, the defense minister is likely to come under greater pressure to take responsibility.

On Feb. 25, Ishiba said before the House of Representatives Budget Committee: "For the sake of fairness of investigations, I have not contacted any crew members." But in the Upper House Foreign and Defense Affairs Committee meeting yesterday, Ishiba withdrew that statement, saying:

"It meant that (although I had questioned the chief navigator on the day the collision occurred), I was not in touch with him when I made that statement. I had no intention of covering that up. Although I did not order (the Maritime Staff Office) to call the navigator to the ministry, I do not think calling him to the ministry was inappropriate, either. I just wanted to be informed of it beforehand."

Ishiba admitted, however, that knowing that the navigator was being questioned by the MSO, he had also decided to question the navigator himself at his office. Administrative Vice-Defense Minister Kohei Masuda also explained in a press conference yesterday: "(The minister) decided that he, too, needed to grasp the situation."

7) Questioning conducted by MSDF chief of staff's decision without defense minister's approval

SANKEI (Page 1) (Full)
February 29, 2008

It became clear yesterday that in the wake of the recent collision between the Maritime Self-Defense Force Aegis destroyer Atago and the fishing boat Seitoku Maru in waters off Cape Nojima in Chiba Prefecture, the Maritime Staff Office (MSO) had called the Atago's chief navigator to the Ministry of Defense (MOD) to question him without Defense Minister Shigeru Ishiba's approval. It was also

found that the Fleet Escort Force Command chief of staff had boarded the Atago four and a half hours after the collision without sending a prior notice to the Japan Coast Guard (JCG).

Defense Minister Ishiba explained before the House of Councillors Foreign and Defense Affairs Committee that the chief navigator had been called to MOD on Feb. 19, the day the accident occurred, at the MSDF chief of staff's decision and that he was informed of it before noon that day after the senior MSO officers finished questioning the

chief navigator. Ishiba then questioned the chief navigator himself at his office. About the questioning at his office, Ishiba said, "I thought it was not good to conduct questioning only by a limited number of people, so I did it at my own decision."

Meanwhile, Administrative Vice-Defense Minister Kohei Masuda explained yesterday that a fax message had been sent to the JCG shortly before 4:00 p.m. on Feb. 19, reversing his earlier statement denying the existence of any records on the questioning of the chief navigator at the minister's office. Masuda also said that he "still does not know" about what the MSO officers learned from the chief navigator.

Further, the Fleet Escort Force Command chief of staff arrived at the Atago by helicopter shortly after 8:30 a.m. on Feb. 19, four and a half hours after the destroyer collided with the Seitoku Maru. It also became clear that he quizzed crew members about the accident for about one hour. Masuda also said: "The chief of staff boarded (the Atago) by the order of the Fleet Escort Force commander, but he did not obtain the approval of the JCG." Masuda, though, stopped short of mentioning what was discussed on the Atago.

In calling the chief navigator to the ministry, MOD told the JCG that it would use the helicopter to transport "injured persons," but in fact, the navigator was transported to the ministry by different helicopter. The helicopter carrying the chief navigator departed from the Atago at 9:10 a.m. and arrived at MOD at 9:54.

8) Defense minister again emphasizes, "I'll resign if cover-ups found" over Aegis ship collision

NIKKEI (Page 2) (Excerpts)
February 29, 2008

Defense Minister Shigeru Ishiba yesterday emphasized again at a session of the Upper House Committee on Foreign Affairs and Defense that he would resign if cover-ups or information manipulation by the Ministry of Defense (MOD) and the Self-Defense Forces (SDF) over the recent collision of the Maritime Self-Defense Force's (MSDF) Aegis destroyer Atago and the fishing boat Seitoku-maru were found. MOD's inappropriate acts have been found successively over the collision. For instance, MOD was not cooperative toward the Japan Coast Guard (JCG), which is investigating the incident. MOD misperceived facts, and it was slow to report on and publicize the incident. Opposition parties are gaining steam to drive the defense minister into resignation from the post.

On top of them, another problem involving MOD was found yesterday. It was that on the morning of Feb. 19, when the incident occurred, the Maritime Staff Office (MSO) staff, without obtaining permission from the defense minister, called the navigating officer of the Atago to the office and questioned him. In this regard, Ishiba noted, "(The MSO staff) should have obtained my approval

TOKYO 00000538 007 OF 013

beforehand," but he insisted that it was not wrong for the MSO to hold the questioning.

When asked about why he initially did not reveal the fact that he had questioned the navigating officer at noon of Feb. 19, Ishiba explained: "I should have revealed it early on. I had no intention at all of hiding it."

Asked about remarks made by the navigating officer during the questioning, Ishiba stated, "Facts I heard from him were all put down." Following Ishiba, Administrative Vice Defense Minister Kohei Masuda backed down his remarks made at a press briefing on Feb. 27, in which he said, "Neither recorder nor a minute existed," and he modified those remarks.

9) Ishiba inspects collision site

MAINICHI (Page 1) (Full)
February 29, 2008

Defense Minister Shigeru Ishiba yesterday inspected for the first

time waters off Cape Nojima in Chiba Prefecture where the MSDF Aegis destroyer Atago collided with the fishing boat Seitoku Maru (on Feb. 19). He headed for the collision site by SDF helicopter and boarded the destroyer Akebono, which was searching for two missing fishermen. The defense minister also took a firsthand look at the accident prevention setup using radar and the search operation.

After the inspection, Ishiba said to the press: "An accident cannot occur under normal circumstances. I felt that the system is designed to catch any mistakes." He thus pointed to the possibility that the Atago made some mistakes. As seen in the fact that the Atago was in autopilot mode until one minute before the collision, it has become clear that the destroyer had problems in avoiding the fishing boat. Ishiba's inspection is aimed at ensuring that other destroyers have appropriate systems to prevent accidents.

10) I Net tightening around Ishiba to force him to resign: Fierce criticism of blunders coming from the opposition camp one after the other (Tokyo)

TOKYO SHIMBUN (Page 2) (Excerpt)
February 29, 2008

Views in the ruling and opposition camps questioning the responsibility of Defense Minister Shigeru Ishiba in connection with the accidental collision of the Aegis destroyer Atago and a fishing boat continued to harden yesterday.

A Liberal Democratic Party (LDP) lawmaker with experience as one of the party's three top executives pointed out: "At the stage when the results of the investigation into the cause of the accident and the like are complete, Mr. Ishiba will likely then step down." A mid-level lawmaker also said, "It is not inconceivable that he would resign when measures to prevent a recurrence are set, and there is a clear understanding of the cause of the accident."

FOREIGN RELATIONS

11) China denies contamination occurred in China in poisoned dumpling scandal, upsetting NPA

TOKYO 00000538 008 OF 013

NIKKEI (Page 3) (Lead Paragraph)
February 29, 2008

There is a wide gap in views between Japanese and Chinese investigators in the probe of the recent food-poisoning outbreak involving Chinese-made frozen dumplings. Japan and China agreed to conduct an investigation in close cooperation only a few days ago, but both sides were at odds over the exchange of their data yesterday. The National Police Agency (NPA) intends to call on China for close cooperation in uncovering the cause of the incident, but the joint investigation has already been disrupted at its very beginning.

12) China's denial of being contamination source in tainted dumplings scare sparking conflict between Japan, China; May affect President Hu's planned Japan visit

NIKKEI (Page 3) (Full)
February 29, 2008

The Chinese Public Security Ministry yesterday denied the possibility that methamidophos - the organic phosphorus pesticide found in Chinese-made frozen dumplings involved in poisoning incidents in Japan - had gotten mixed into the products in China. This announcement is sparking conflict between Japan and China. If no progress is made in the investigation, national sentiment will be inevitably undermined. This conflict may also negatively affect the planned visit to Japan by President Hu Jintao in April, betraying the government's expectations.

In a press conference yesterday, Chinese Press Officer Liu Chien Chao urged Japan to reaffirm its material evidence, following the announcement by the Public Security Ministry. But Liu added: "I hope

this issue will not affect Japan-China relations." Japanese officials have expressed a sense of distrust in China. Chief Cabinet Secretary Nobutaka Machimura said in a press conference yesterday:

SIPDIS

"China should also make efforts."

The leadership of the Hu administration, which places emphasis on relations with Japan, initially tried to settle the issue at an early date. But a host of harsh views against Japan have been posted on the Internet. If the Chinese government indicated a stance that could be taken as making a concession to Japan, it might be under heavy fire. In response to the announcement yesterday, the number of comments sharply criticizing Japan has been significantly increasing on the Internet, such as: "Japan put the guilt on innocent us. We urge Japan to offer an apology."

If the cause is not uncovered, imports of Chinese food may further decrease. In the aftermath of the Chinese dumpling scare, leading Japanese frozen food manufacturers have seen their sales of products for households sharply dropping. An employee of Nippon Suisan Kaisha Inc. said: "Our sales have fallen by about 30 PERCENT below the same period a year ago." Japan Tobacco Inc. (JT) also announced that it would cancel its plan of selling starting on March 1 by its subsidiary JT Foods Co. of two kinds of frozen products, including one made by Tianyang Food Processing in Hebei Province, which produced tainted dumplings.

Prime Minister Yasuo Fukuda said last night regarding the Chinese government's announcement: "(The Chinese government) said that it would like to thoroughly conduct investigation in cooperation with

TOKYO 00000538 009 OF 013

Japan. The announcement is very positive." He seems to be aiming to calm down the situation.

Fukuda must anticipate that the planned Hu's visit to Japan will provide a good opportunity to boost public support of his administration. But the dumpling scandal and no progress in the gas field development standoff are disappointing his expectation.

13) China suggests putting down both assertions of U.S., DPRK in nuclear declaration document with 1972 U.S-China communique as a reference

TOKYO SHIMBUN (Top play) (Full)
February 29, 2008

Yasunobu Kiuchi, Beijing

It was learned yesterday that the host nation China of the six-party talks on the North Korean nuclear issue had suggested to the United States that both assertions of the U.S. and North Korea be put down in a nuclear declaration report, which North Korea is supposed to present but which has been pending to date, with the so-called "Shanghai Communiqué," a statement issued when U.S. President Nixon visited China in February 1972, as a reference. This was revealed by a couple of sources familiar with the six-party talks.

By giving consideration to North Korea's denial of nuclear development based on enriched uranium and of the proliferation of nuclear arms to Syria, China aims to make a breakthrough in the stalled six-party talks. Aside from this proposal, the U.S. reportedly has asked the North Koreans to shed light on its uranium enrichment programs as well as the question of the proliferation of nuclear arms separately from the initially-required submission of a declaration of nuclear programs by North Korea. Coordination is actively underway among the countries concerned over the nuclear declaration issue.

The U.S. and some other countries have demanded that North Korea make clear its uranium enrichment programs as well as the proliferation of nuclear weapons in connection with a complete declaration of North Korea's all nuclear programs in accordance with the six-party agreement. North Korea, however, has denied any nuclear suspicions; as a result, the six-party talks have hit a

snag.

According to a source involved in the six-party talks, China's proposal is that America's views about uranium-enrichment programs be also put down in the North's declaration of its nuclear programs, including the state of its plutonium-based nuclear development, and that based on the declaration, the six-party talks resolve the nuclear issue.

Using the Shanghai Communiqué, which ended the hostile relationship between the U.S. and China, as a reference, China came up with the proposal. The communiqué specified the perception both the U.S. and China agreed on after explaining their respective assertions in a clear-cut manner.

On Feb. 19, U.S. Assistant Secretary of State Christopher Hill met with his North Korean counterpart, Vice Foreign Minister Kim Gye Gwan in Beijing and after the session, Hill said: "We exchanged views on the (breakthrough) proposal shown by China."

TOKYO 00000538 010 OF 013

According to a source connected with the six-party talks, however, the U.S. has not given the nod yet to China's proposal and has indicated that some coordination will be necessary.

14) Japanese-American leaders to visit Japan tomorrow for Japan-U.S. exchanges program

MAINICHI (Page 5) (Full)
February 29, 2008

A full-scale discussion will begin tomorrow on an initiative to strengthen exchanges between Japan and the United States, a program aimed at developing human resources, who would form the foundation of the Japan-U.S. alliance. The program was agreed in a summit meeting last fall between the leaders of the two countries. A total of 14 Japanese-American leaders will arrive in Tokyo tomorrow. They will pay their respects to Japanese political and business leaders, including House of Representatives Speaker Yohei Kono, to deepen interpersonal exchanges.

The initiative focuses on 1) the exchanges of experts, 2) grassroots exchanges, and 3) the teaching of Japanese language.

The 14 Japanese-American leaders, who are men and women in their thirties to fifties, are lawyers, university professors, and business managers.

15) Foreign Minister Koumura tells UN special advisor Japan will cooperate with UN on aid to Burma

MAINICHI (Page 5) (Full)
February 29, 2008

Foreign Minister Masahiko Koumura met yesterday with Ibrahim Gambari, the UN secretary general's special advisor in charge of Burma (Myanmar) issues. In the meeting, Koumura told Gambari that Japan would help promote the United Nations' "national economy forum" concept, which is aimed to support Burma's effort for amelioration of poverty and democratization. In the wake of the incident involving Japanese journalist Kenji Nagai, who was killed while gathering information in Burma, the government has suspended part of its official development assistance to that country, but it has now judged that it is possible to offer aid to Burma through the United Nations.

16) New Iranian ambassador expects Japan to act as intermediary between Iran, U.S.

YOMIURI (Page 2) (Full)
February 29, 2008

New Iranian Ambassador to Japan Abbas Araghchi yesterday held a news conference in his country's embassy in Tokyo. He referred to relations with the United States having been broken off since 1980,

and he asked Japan to act as an intermediary between the U.S. and Iran so as to bring about a rapprochement. He said, "We hope to see the Japanese government give advice to the United States to adopt a wiser policy (toward Iran)."

Turning to relations between Japan and Iran, Araghchi stressed that "the relations between the two countries continue to be in good

TOKYO 00000538 011 OF 013

shape, despite charges from the U.S. and European countries against Iran" on the nuclear issue. Noting, "The Japanese (government) is more familiar with the realities facing the Middle East and Iran's role in the region than the U.S. (government)," Araghchi pointed out that Japan was most qualified to urge the U.S. to shift its hostile policy toward Iran.

Araghchi served as vice foreign minister in charge of such key issues as the nuclear weapons and Iraq since 2005 until just recently. He arrived at his post in early February.

POLITICS

17) LDP's Koga to remain Nippon Izokukai chairman

MAINICHI (Page 5) (Full)
February 29, 2008

The Japan Association for the Bereaved Families of the War Dead (Nippon Izokukai), chaired by Makoto Koga, the ruling Liberal Democratic Party's Election Committee chairman, held yesterday in Tokyo a national convention of its directors and councilors. In the convention, the association approved of the re-appointment of Chairman Koga, Vice Chairman Hidehisa Otsuji, chairman of the LDP caucus in the House of Councillors, and another vice chairman. Their term in office is two years. Koga, who assumed the chairmanship in 2002, will be serving in his fourth term. The organization confirmed that it would continue holding study sessions on the Yasukuni Shrine issue, which were started last May.

ECONOMY

18) Clause restricting foreign investment in airport operators to be deleted: Prime minister takes action to prevent discord in cabinet by postponing decision-making; MLIT minister's resistance contained

MAINICHI (Page 2) (Excerpts)
February 29, 2008

Prospects are now good that the issue of restricting foreign investment in airport-related companies will likely be settled with the deletion of a foreign investment restriction clause from a bill amending the Airport Development Law. Prime Minister Yasuo Fukuda yesterday evening revealed his intention to reach a conclusion at the end of the year on how such investment should be limited with the security issue as the Ministry of Land, Infrastructure and Transport (MLIT) insists in mind. He has avoided discord from flaring up again in the cabinet by postponing decision-making to the end of the year. He seems to have calculated that if the issue were to become prolonged, his leadership could be questioned, particularly with a mountain of other thorny issues unsettled, such as Defense Minister Ishiba's responsibility over the Aegis destroyer's collision accident and the appointment of a new Bank of Japan governor.

The prime minister from the start was cautious about the idea of limiting foreign investment in airport companies. He also played up a policy of promoting foreign investment in Japan at the Davos Conference in January. When former Liberal Democratic Party (LDP) Secretary General Hidenao Nakagawa on Feb. 5 expressed his

SIPDIS
opposition to limiting foreign investment, Fukuda supported his statement.

TOKYO 00000538 012 OF 013

Since MLIT Minister Tetsuzo Fuyushiba is stuck with the issue, the prime minister has ostensibly taken the stance of watching the coordination of views of government officials led by Chief Cabinet Secretary Machimura. However, when a compromise plan to exempt

SIPDIS

already listed Japan Airport Terminal Co. from the foreign investment restriction was about to be adopted, Fukuda rejected the plan, saying, "The proposal is incompatible with my Davos statement."

19) Government, ruling parties determined to get budget bill as well bill amending Special Tax Measures Law through Lower House today

NIKKEI (Page 2) (Excerpts)
February 29, 2008

The government and the ruling parties intend to get the fiscal 2008 budget bill and the bill amending the Special Tax Measures Law, including the maintaining of the provisional gas tax rate for special-purpose road construction revenues, through the Lower House today. Tension is growing in the Diet with the opposition camp indicating a stance of opposing the appointments of a new Bank of Japan (BOJ) governor and deputy governor by the Diet slated for next week.

BOJ personnel appointments would be affected, if ruling camp force budget bill through Lower House, says ruling camp

Referring to the fiscal 2008 budget bill, Prime Minister Yasuo Fukuda told reporters, "It is time for the Lower House to end deliberations." Liberal Democratic Party (LDP) Secretary General Bunmei Ibuki during a meeting of LDP members said, "The Upper House will become a main venue of deliberations on the budget bill starting on March 1." The Lower House Budget Committee, and the Financial Affairs Committee, which is deliberating on the bill amending the Special Tax Measures Law, decided by virtue of chairman's office at their directors meeting on Feb. 28, to hold a winding-up question-and-answer session and a roll call. The Lower House General Affairs Committee has also prepared for a roll call.

The opposition camp intends to oppose putting the budget bill to a vote, insisting that full deliberations have yet to take place. In the Democratic Party of Japan (DPJ or Minshuto), President Ichiro Ozawa, Deputy Presidents Azuma Koshiishi and Naoto Kan and Secretary General Yukio Hatoyama at party headquarters conferred on the issue. Participants confirmed that in the event of the ruling parties forcing the budget bill through the Lower House, they would boycott budget deliberations in the Upper House starting next week. The DPJ will also look into the possibility of rejecting a roll call on the bill amending the Special Tax Measures Law, abandoning the mediation proposal made by the Lower House speaker and the Upper House president that some sort of conclusion should be reached before the end of the year.

If the ruling camp railroads the budget bill through the Lower House, it would also affect Diet approval of the selection of a new governor and a new vice governor of BOJ with Koshiishi telling reporters, "If they railroads the bill, it would be only natural that it would affect the selection of a BOJ governor." With the possibility of the appointment of a new BOJ governor missing the March 19 deadline, when the incumbent rotates out, in mind, he said, "If the BOJ governor's post becomes vacant in result, the government

TOKYO 00000538 013 OF 013

would be accountable for it."

SCHIEFFER